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Poland

Livestock and Products

Poland May Benefit from Pork Import Quota offered by Ukraine

2008

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Report Highlights:

According to Poland's Ministry of Agriculture, Ukraine has offered Poland a 25,000 MT per month quota for exports of pork. Within quota tariffs are zero. If EU export restitutions and pork begin to flow up to the limits of the quota, the restitution could equal \$12.5 million each month in payments to exporters by the EU commission through Poland's Agricultural Marketing Agency (AMA). Pork exported to Ukraine must originate from Poland. This action may help the Polish pork industry with difficulties from high feed prices and the high exchange rate of the Polish zloty versus the Euro.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Warsaw [PL1]
[PL]

According to the Polish Ministry of Agriculture, April 8, 2008, Ukraine established a 25,000 MT monthly import quota for pork from Poland. The within-quota meat tariff will be reduced to zero but pork must be of Polish origin. Ukraine and Poland may be separated by an EU border, but at present they enjoy warm political relations. The plan was announced during the visit of a Polish delegation to Kiev headed by Andrzej Dycha, Under Secretary of Agriculture, April 7-8, 2008. The Polish delegation has reported they were informed by Julia Timoshenko, Ukraine's Prime Minister, Ukraine needs to purchase 350,000 to 500,000 tons of meat, and may include pork, beef liver, or poultry.

Poland understands that imports of Polish pork to Ukraine will be carried out by the Ukrainian Committee for National Reserves responsible for market intervention. The Polish delegation requested that all Polish meat plants eligible to produce products for the EU market be allowed to export meat to Ukraine. The Ukrainian veterinary authorities did not agree to this proposal and sent veterinary inspectors to Poland to audit Polish meat plants. In addition to 18 meat plants already eligible for export of meat and meat products to Ukraine, 29 plants were added to the list by the Ukrainian inspectors. The border authorities of Poland and Ukraine also declared that procedures of clearing shipments of meat will be simplified.

Polish pork production is in a downward trend stage of the hog cycle. Farm-gate prices for hogs are low and farmers are culling herds because of high feed prices and reduced demand for export to the European Union. In 2007, Poland was a net importer of fresh/frozen pork, with its quantity imported jumping 35 percent. Exports of pork to Ukraine may create an opportunity for Polish pork producers to recover after the last year's crisis, but may not help the domestic hog industry too much. FAS Warsaw believes higher pork exports to Ukraine will just result in growing imports of Danish, German, or Netherlands' pork to Poland, backfilling the market. Since the Ukrainian government established the import quota for Poland under the condition that pork exported to Ukraine originate from Poland it can be expected that since hog supplies in Poland will tighten it may import more and more feeder hogs from its neighbors.

Exports of pork to Ukraine will be subsidized by the EU export restitution program. The Agricultural Market Agency (AMA) of the Ministry of Agriculture is responsible for distribution of EU subsidies to exporters. According to the AMA, Polish pork exports began immediately after the announcement of the quota by the Ukrainian government. The EU export restitution for pork halves amounts to Euro 311 per metric ton. Poland has repeatedly asked the Commission to raise the amount of the restitution, so far without effect. There is no announced budget limit for the total restitution payments to Polish producers. There is no export restitution for exports of live hogs. According to AMA officials, exports of live hogs to Ukraine have recently increased.

If export restitutions and pork begin to flow up to the limits of the quota, the restitution could equal \$12.5 million each month in payments to exporters by the EU commission through the AMA.